79-1224

Supreme Court, U. S.
FILED
FEB 7 1980
JOSEPH F. SPANIOL, JR., CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1979

No. .....

GENERAL FOOTWEAR COMPANY LIMITED,

and

UNIVERSAL CITY STUDIOS, INC.,

Petitioners,

against

AMERICAN FOOTWEAR CORPORATION,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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Petitioners pray that a Writ of Certiorari issue to review so much of a judgment of the United States Court of Appeals for the Second Circuit as affirms a judgment of the United States District Court for the Southern District of New York denying a permanent injunction to petitioners.

Opinion Below

The opinion of the United States District Court for the Southern District of New York (A, pp. 23-35), is reported at 199 U.S.P.Q. 531 (S.D.N.Y. 1978). The opinion of the United States Court of Appeals for the Second Circuit (A, pp. 1-20), is yet unreported.

Jurisdiction

The judgment of the United States Court of Appeals for the Second Circuit sought to be reviewed (A, pp. 21-22), was entered on November 9, 1979. The instant petition is filed within ninety days of the judgment and is thus timely, pursuant to 28 U.S.C. § 2101(c).

Jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

Question Presented for Review

Whether the public interest in fair business practices and the promotion of useful arts is frustrated by denying protection to the creator of a famous television series which took a previously obscure technical and scientific term, used the term as the primary and secondary titles and nicknames of its television series and characters and gave the term a fanciful meaning connected with the television series and cultivated public acceptance and popularity of the term so as to create great commercial value in the term as a merchandising property against interference by a party which intentionally capitalized on the term for its product as a result of the popularity of the television series and exploited that popularity and commercial value to the detriment of the creator.

Statute Involved

Title 15 U.S.C. § 1125 provides in pertinent part:

> "(a) Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce,

> and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation."

Statement of the Case

Facts in Issue:

In January 1974, Petitioner Universal City Studios, Inc. ("Universal"), first introduced a program entitled "The Six Million Dollar Man" as a half-season series for ABC television. The series continued for the next three full seasons at 8:00 P.M. on Sunday night on the ABC television network. In the first motion picture created by Universal, the hero, Steve Austin, played by Lee Majors, suffers a catastrophic accident, following which he is rebuilt by an aerospace team at a cost of $6,000,000. The rebuilding of Steve Austin involved the replacement of an eye, an arm, and two legs, with artificial organs with capabilities twenty times more efficient than those of the normal human being. These artificial super-human parts are denominated throughout the ensuing series as Steve Austin's "Bionic" parts.

Each of the subsequent episodes of the television series depicts specific action events by Steve Austin and the incredible feats he is able to perform as a result of his specially reconstructed eye, arm and legs. Steve Austin was immediately nicknamed the "Bionic Man" and was so designated at the opening portion of each weekly episode where his superhuman strength, speed and jumping ability

are visually emphasized through a slow-motion sequence. The "Bionic Man" is the subtitle of the television series "The Six Million Dollar Man".

In the five years that "The Six Million Dollar Man" ran as a weekly television series, it consistently attained high Nielsen ratings indicating that between seventeen million and nineteen million household audiences per week viewed the show.

In January 1976, Universal commenced a second weekly television series entitled "The Bionic Woman". The series portrayed the exploits of "The Bionic Woman", a character which had been introduced in a March 1975 episode of "The Six Million Dollar Man", and the character had been featured in three other episodes of "The Six Million Dollar Man" prior to the introduction of the new series. "The Bionic Woman", as well as "The Six Million Dollar Man" is rebuilt following an accident in a manner similar to Steve Austin, with two artificial legs, an artificial arm, and a supersensitive ear. Each episode of "The Bionic Woman" as well as of "The Six Million Dollar Man" began with a series of short scenes in which the main character performed various feats where his or her superhuman strength, speed and jumping ability are visually emphasized through slow motion and special effects created by and unique to Universal and these television shows.

In February 1976, "The Bionic Woman" achieved a Nielsen rating in excess of nineteen million household audiences for each of its weekly episodes. Thus, the Universal creations of "The Six Million Dollar Man" and "The Bionic Woman" were among the most popular television series of their time in that approximately forty million viewers saw one or another or both of the episodes of "The Six Million Dollar Man" or "The Bionic Woman" during the airing of the shows on a twice weekly basis.

Universal and its affiliated company, Merchandising Corporation of America, Inc., which licenses Universal's properties to various manufacturers, embarked from the outset of the first television series on an aggressive merchandising campaign of various items designed for young people related to "The Six Million Dollar Man" and "The Bionic Woman" television series. These items include all types of toys, games, clothing (including socks), costumes, slides and film strips, candy items, phonograph records, and numerous other items. As of the date of trial, Universal's aggressive merchandising campaign of "Bionic" items had resulted in the receipt of in excess of $10,000,000 in royalties from numerous licensees. Moreover, the licensees expended millions of dollars in advertising their respective products and there was substantial television advertising of both the series and the products generated therefrom.

Because the TV shows aired twice a week and in addition were advertised several times each week by the network, and because numerous licensed products were in the retail stores and millions of dollars of advertising were expended regarding these products, the consuming public was continually bombarded with "Bionic" in relationship to the TV shows and those licensed products, so that any product bearing the TV word "Bionic" was a presold commodity to the consuming public.

In approximately March 1976, General Footwear Company Limited ("General") obtained a license from Merchandising to manufacture and sell children's sneakers at retail for approximately $4.00 per pair based on the themes and characters of the two television shows. The children's sneakers in question contained the legend of either "The Six Million Dollar Man" or "The Bionic Woman" on the side of the sole, contained a small chevron or patch with the name of the appropriate television show on the side of the shoe, had the word "Bionic" embedded in the bottom of the sole, and contained the legend on the

tongue of each sneaker "Bionic By Chex". General's sales of "Bionic" sneakers exceeded $1,000,000 and 250,000 pairs in the first fifteen months of the contract period ending October 2, 1977.

Sometime in 1975, Anwelt Corporation, a manufacturer and seller of workshoes, including boots, safety shoes, hiking boots and hand-sewn footwear under private labels, designed a new adult hiking boot. Anwelt designed the boot at the request of J.C. Penney to be sold under J.C. Penney's private label, and not as a "Bionic" product. Anwelt invested approximately $50,000 in the purchase of this new adult luxury hiking boot from the manufacturer. This expenditure was without any relation to the "Bionic" name.

Respondent American Footwear Corporation ("American") a company related to Anwelt, is engaged in the business of manufacturing and selling at retail under its own label the same types of shoes as are sold by Anwelt under private label. In the third week of January 1976, after American had determined to sell the Anwelt-J.C. Penney new adult luxury hiking boot under its own label, a meeting was held to select a name for American's use of the boot. The decision to call the boot "The Bionic Boot" was made by Gary Evans, a Vice President of American. It is conceded by Mr. Evans (A, pp. 36-39), that the name was selected because of the popularity of Universal's two television programs, and that had it not been for the programs, the name would not have been selected by American. Once the name was selected, American personnel prepared an advertising poster to be displayed at the National Shoe Show in January 1976 in New York. The poster, designed to advertise American's new "Bionic Boot", shows a woman in a slow-motion running position in a pose conveying a sense of motion (like the "Bionic Woman" character at the beginning of each television show) (A, pp. 41-42) even though American's hiking boot was not designed for running. The pose was created by

Universal to convey a sense of superhuman speed and was unique to the television series "Bionic" characters.

American invested approximately $3,000 over a period of almost two years in advertising its newly-named boot. From January through July 1976, American sold to retailers a total of 1,667 pairs of Bionic Boots and an additional 2,255 pairs were sold from August 1, 1976 through July 31, 1977. It is unknown how many of the boots were sold to the consuming public. During the same period of time, however, Anwelt sold approximately 5,000 pairs of the same boot under the J.C. Penney private label.

Proceedings Below:

American commenced the instant dispute by filing an action in the New York Supreme Court on July 30, 1976, against General, seeking, among other things, to enjoin General from manufacturing and selling its Bionic children's sneakers. American claimed that its previous application of the mark "Bionic" for adult hiking boots in the trademark office deprived General of any right to use the term "Bionic" in connection with the manufacture and sale of its children's sneakers.

On August 13, 1976, General removed that action to the United States District Court for the Southern District of New York and on September 20, 1976, commenced a separate action against American in the same court, alleging that American, by its use of the term "Bionic", and the marketing of its "Bionic Boot", had infringed upon General's rights as exclusive licensee of Universal for footwear designed to capitalize on the popularity of the two Universal television series. Universal was subsequently granted leave to intervene in both actions and the two actions were thereafter consolidated for all purposes.

Jurisdiction of the District Court was invoked under the trademark laws and the Trademark Act of July 5, 1946, 15 U.S.C. § 1051, *et seq.*, under diversity of citizen-

ship pursuant to 28 U.S.C. § 1332, pursuant to 28 U.S.C. § 1331, and because of pendent jurisdiction pursuant to 28 U.S.C. § 1338.

The consolidated action contained the claims by American as plaintiff in its suit against General and Universal for common law trademark infringement, unfair competition, and tortious interference with business relations and also contained the claims of Universal and General against American for common law and statutory trademark infringement, unfair competition, false designation of origin, passing off, and dilution.

Following a non-jury trial, the United States District Court for the Southern District of New York found that because American had filed a trademark application for the use of the term "Bionic" in connection with footwear before General, that American was entitled to an injunction against Universal and General for trademark infringement and unfair competition. The District Court further found that Universal and General were not entitled to similar relief against American.

On November 9, 1979, the United States Court of Appeals for the Second Circuit, finding that American had established none of the criteria to sustain an injunction against Universal and General, reversed so much of the judgment of the District Court as granted that injunction. The Court of Appeals, however, affirmed that part of the judgment that denied an injunction to Universal and General despite the Court's following findings: that Universal, through the showing of its immensely popular television series entitled "The Six Million Dollar Man" and the "Bionic Woman", had popularized and cultivated public acceptance of the relatively unknown word "Bionic"; that the term "Bionic" as popularized by Universal, had a separate television meaning unrelated to the dictionary definition of "bionics"; that Universal's efforts in popularizing the term "Bionic" was sufficient to support a finding of distinctiveness; and that American, by naming its footwear the "Bionic Boot," had intended to capitalize on Universal's popularization of the word "Bionic." The Court further found that Universal's merchandising program was expanding into new fields (A, pp. 18-19).

As a result of the Court of Appeals' decision, all parties were permitted to use the term "Bionic" with reference to the merchandising of the footwear that the parties presently merchandise.

REASONS FOR GRANTING THE WRIT

The question of whether Universal is entitled to enjoin American from capitalizing upon the popularity and commercial value of Universal's creativity in creating the two television series in issue for American's own profit by adopting the principal term by which the series and its characters are known and by selling its product in a manner calculated to evoke an association with the two television series presents an important question of the scope of the federal trademark and statutory unfair competition laws and the common law of unfair competition which has not been, but should be, settled by this Court.

Importance of the Issue Presented.

One commentator has recently taken note of the growing phenomenon of the licensing of merchandising properties on an extensive scale, Grimes and Battersby, "The Protection of Merchandising Properties", 69 *Trademark Reporter* 431 (1979) (hereinafter cited as "Grimes"). Grimes notes that merchandising properties include "any word, name, title, symbol, character or personality image, design or combination thereof which, when used on or in association with a particular product [or service], will create consumer demand therefor." Grimes, *supra,* at 431.

Many of the currently popular merchandising properties emanate from the entertainment industry. Movie titles (JAWS) and the names of television stars (FARRAH FAWCETT) and cartoon characters (MICKEY MOUSE and SNOOPY) are frequently used merchandising properties, as are the names of sports figures (REGGIE JACKSON). The wide range of goods and services sold under these merchandising properties vary from toys (FARRAH FAWCETT dolls) to candy (REGGIE bars). Well-known names and trademarks outside the entertainment area are also widely used merchandising marks. The name OLEG CASSINI appears on a great variety of goods, including clothing, toiletries, and carpeting, while the famous BUDWEISER trademarks have been placed on everything from T-shirts to waste cans.

The growth of licensing of merchandising properties on an extensive scale is evidenced, for example, by the licensing of cartoon characters alone, which in 1978 reportedly generated $65.3 million, and by the licensing campaign from the motion picture STAR WARS, which is estimated to have produced $400 million in retail sales as of October 1978. Grimes, *supra,* at 436. In the present case, the Court of Appeals noted that petitioner Universal received royalties in excess of $10 million from its merchandising program connected with the name "Bionic" and the television shows "The Six Million Dollar Man" and "The Bionic Woman" (A, p. 15). Thus, retail sales would have been considerable.

An enormous industry has developed around the licensing of merchandising properties, including companies whose revenues are entirely dependent upon royalties from merchandising properties. One such company, Merchandising Corporation, is Universal's exclusive licensing agent.

The licensing of television words and characters is extremely valuable because a manufacturer is buying for his product the use of a word and/or personality which has acquired the attributes of a very strong trademark, i.e. instant recognition and consumer demand.

The Significance of the Unsettled Legal Principle to the Merchandising Licensing Industry.

In the instant case, it is conceded by American that the use of the term "Bionic" was prompted by the television series. Indeed, American's Vice President, Gary Evans, conceded that had it not been for Universal's television program, the word "Bionic" would probably never have been selected by American (A, pp. 36-39). The Court of Appeals specifically found that American adopted the term "Bionic" to capitalize on the television series (A, p. 4) and further accepted Universal's argument that it had popularized the term "Bionic" by agreeing with the District Court that "Bionic" as used by Universal and as adopted by American, was "a television word" (A, p. 30). Indeed, the evidence is overwhelming and uncontested that American's adoption of the term "Bionic" and the definition by Mr. Evans of that term as "strong, rugged [and] outdoor" (A, p. 38), specifically relates to the television series and the television word "Bionic".

The Court of Appeals nonetheless ruled that Universal had failed to establish its right to an injunction based upon American's clear misappropriation of the television word "Bionic". The Court of Appeals stated that "one can not sell his product by misappropriating the good will of another through misleading the public into thinking that it is sponsored by or derived from something else" (A, p. 12). The Court of Appeals thus ruled that unless a showing can be made of confusion of customers between American's product and a sponsorship of that product by Universal, that no cause of action existed in favor of Universal (A, p. 14).

As a result of the Second Circuit's opinion, the viability of Merchandising and the vast industry of licensing merchandising properties is severely threatened.

The creators of television programs or movies, sports figures, or other persons possessing merchantable property in their names, likenesses or symbols are rarely in the business of manufacturing toys, sporting wear or other products or services commonly bearing merchandising properties. The Second Circuit opinion is likely to induce the manufacturers of these types of products to ignore the licensing programs of the creators of these merchandising properties and to cash in directly and immediately upon the popularity of the properties. A shoe manufacturer, for example, will easily be able to establish priority of use of a particular merchandising property in connection with shoes over the movie studio that created popularity in the property. The same is true with other merchandise manufacturers.

Following the debut or establishment of each successful movie, television show or famous trademark, there will be a flood of trademark uses and applications for trademark registrations in the U.S. Patent and Trademark Office for the same name or symbol for various goods and services by different predators. The federal trademark law and federal trademark registrations will thereby be unfairly used by these predators to carve their own slices from the merchandising pie created by the movie, television show or famous trademark. As a further consequence of the Second Circuit opinion, such predators will be unjustly enriched due to the efforts and at the expense of the creator of the merchandising property.

Thus, contrary to the Second Circuit's assumption that the district court's judgment (and, therefore, its own ruling) "in no way interferes with Universal's trademark rights in its T.V. shows or its licensing operations in respect thereto" (A, p. 35), the lower courts' rulings present a grave danger to Universal's licensing operations and the merchandise licensing industry.

The Court of Appeal's Failure to Recognize the Applicability of the Doctrine of Unfair Competition to American's Purloining of the Television Word and Merchandising Property "Bionic".

This Court long ago established that a cause of action in unfair competition exists when a defendant misappropriates a plaintiff's product into which the plaintiff has put time, skill and money, and the defendant uses the plaintiff's product in competition with the plaintiff, gaining an advantage in that competition because the plaintiff, and not the defendant, has expended the energy to produce it, *International News Service* v. *Associated Press,* 248 U.S. 215 (1918). Recently, this Court has reaffirmed the right to protection of the product of one's own talents and energy from improper economic exploitation of another, *Zacchini* v. *Scripps-Howard Broadcasting Co.,* 433 U.S. 562 at 575-576 (1977); *Goldstein* v. *California,* 412 U.S. 546, 570-571 (1973), and lower courts in various jurisdictions have followed this Court's pronouncements, *DeCosta* v. *Columbia Broadcasting System, Inc.,* 520 F.2d 499, 570 (1st Cir. 1975), *cert. denied,* 423 U.S. 1073 (1976); *Boston Professional Hockey Association, Inc.* v. *Dallas Cap & Emblem Mfg., Inc.,* 510 F.2d 1004 (5th Cir. 1975), *cert. denied,* 423 U.S. 868 (1975), *rehearing denied,* 423 U.S. 991 (1976); *Ideal Toy Corp.* v. *Kenner Products,* 443 F. Supp. 291 (S.D.N.Y. 1977); *National Football League* v. *Governor of the State of Delaware,* 435 F.Supp. 1372 (D.Del. 1977). Moreover, the United States Court of Appeals for the Second Circuit, from which this case emanates, has also established the salutary rule that unfair competition encompasses a broad range of unfair trade practices generally described as the misappropriation of the skills, expenditures and labors of another. *Flexitized, Inc.* v. *National Flexitized Corp.,* 335 F.2d 774, 781 (2d Cir. 1964). The misappropriation can, for example, involve the theft of goodwill inherent in a person's right of pub-

licity in the exploitation of his personality and talents, *Zacchini* v. *Scripps-Howard Broadcasting Co., supra,* at 577.

The Court of Appeals, by ruling that American's admitted purloining of the television word "Bionic" was permissible so long as it did not confuse customers as to the source of sponsorship of the product, placed an unnecessary limitation on the foregoing established principles in the law of unfair competition. It is the misappropriation of the skills, labors and expenditures of another and not the effect which the misappropriation may have in the marketplace once it is accomplished that gives rise to Universal's cause of action.

The Court below recognized that rights can accrue from the misappropriation of symbols such as that involved in the instant case, see, e.g., *Triangle Publications, Inc.* v. *Rohrlich,* 167 F.2d 969 (2d Cir. 1948); *Lone Ranger, Inc.* v. *Cox,* 124 F.2d 650 (4th Cir. 1942); *National Lampoon, Inc.* v. *American Broadcasting Co., Inc.,* 376 F.Supp. 733 (S.D.N.Y. 1974), *aff'd* 497 F.2d 1343 (2d Cir. 1974); *Wyatt Earp Enterprises* v. *Sackman, Inc.,* 157 F.Supp. 621 (S.D.N.Y. 1958). The Court ruled, however, that the mere misappropriation of a symbol popularized and given commercial value by another was not actionable and that there is a requirement of substantial secondary meaning in a plaintiff's arbitrary trademark, *Triangle Publications, Inc.* v. *Rohrlich, supra* (secondary meaning in mark "Seventeen"), or bad faith predatory conduct justifying relief, *Lone Ranger, Inc.* v. *Cox, supra; HMH Publishing Co., Inc.* v. *Brincat,* 504 F.2d 713 (9th Cir. 1974) (bad faith). Apparently, the Court of Appeals confused the standard required to establish substantial commercial value in a mark by relying upon the impact of the mark in the marketplace, rather than solely upon the conduct of the infringer in purloining the mark in the first place. The fact that American considered the television word 'Bionic" to have a commercial value sufficient to misappropriate it should be all the evidence that is required.

Although Universal believes that the mere adoption of the television word "Bionic' by American is sufficient to give Universal the right to enjoin the use of the term, it is also apparent that American went further in its attempt to capitalize upon the popularity of the television word "Bionic" by its advertisement of the Bionic Boot.

The advertisement shows a woman in a running pose similar to the running pose adopted by Universal's theme character at the opening of each program of the "Six Million Dollar Man", or the "Bionic Woman". The Court of Appeals dismissed this element of unfair competition by stating that an advertisement for footwear lends itself to a running pose and that the similarity between the poster and the scene for a television show are not so marked that when the poster is displayed together with the scene, an ordinarily prudent public would be likely to be misled into believing that any sponsorship arrangement existed between Universal's television show and American's product (A, p. 8).

Thus, the Court of Appeals not only ruled that the mere purloining of the television word "Bionic" was not actionable, but also ruled that there must be evidence of actual customer confusion as to the sponsorship of the infringing product in order to constitute an action for unfair competition. Thus, the Court ruled that Universal could not enjoin American merely upon a showing of an attempt to capitalize upon the popularity of the television series and the resulting damage to Universal's merchandising licensing program.

The Second Circuit's Decision Conflicts With the Law of the Fifth Circuit on the "Likelihood of Confusion" Test and Improperly Denies Petitioners a Federal Cause of Action Under the Lanham Act.

Among the legal theories advanced by Universal in the courts below was a violation of the Lanham Act, in particular Section 43(a), 15 U.S.C. § 1125(a). To petitioners'

knowledge, this section of the Lanham Act and the "likelihood of confusion" test under this and other sections of the Act have never been interpreted by this Court. As a result, the federal courts have not uniformly applied this test.

Section 43(a) creates a statutory federal tort apart from common law unfair competition. *Federal-Mogul-Bower Bearings Inc.* v. *Azoff*, 313 F.2d 405 (6th Cir. 1963). The section may be invoked by "a broad class of suitors injured or likely to be injured", *L'Aiglon Apparel Inc.* v. *Lana Lobell Inc.*, 214 F.2d 649, 651 (3d Cir. 1954), and is not limited to suits between business competitors. *Mortellito* v. *Nina of California, Inc.*, 335 F.Supp. 1288, 1294 (S.D.N.Y. 1972). Section 43(a) does not require ownership of a federal trademark registration. *Boston Professional Hockey Association Inc.* v. *Dallas Cap & Emblem Mfg. Inc., supra.*

The Second Circuit construed the test "under both the Lanham Act and the common law" as "the likelihood that the consuming public will be confused as to the source of the allegedly infringing product" (A, p. 16). However, as noted in *Boston Professional Hockey Association, Inc.* v. *Dallas Cap & Emblem Mfg. Inc., supra,* at 1012, "the [Lanham] act was amended to eliminate the source of origin as being the only focal point of confusion." The *Boston* court and other courts considering merchandising rights under section 43(a) and the law of unfair competition have held that the likelihood of confusion test is satisfied by:

> "the fact that the defendant duplicated the protected trademarks and sold them to the public knowing that the public would identify them as being the teams' trademarks. The certain knowledge of the buyer that the source and origin of the trademark symbols were in plaintiffs satisfies the requirement of the act. The argument that confusion must be as to the source of the manufacture of the emblem itself is unpersuasive,

> where the trademark, originated by the team, is the triggering mechanism for the sale of the emblem." 510 F.2d at 1012.

In other words, likelihood of confusion can be established by evidence that the defendant used the merchandising property with knowledge that the public would associate the *mark,* if not the *goods,* with plaintiff.

Most recently, in *D C Comics, Inc.* v. *Powers,* 465 F. Supp. 843 (S.D.N.Y. 1978), the plaintiff, owner of the Superman story, sought a preliminary injunction under section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), and under New York's anti-dilution statute and common law. Defendant published an underground news publication entitled the *Daily Planet* which was also the title of a mythical newspaper in the Superman story. Plaintiff had established an extensive licensing program around the Superman name and characters, but had never licensed the term "Daily Planet" separate from all of the Superman characters. The court, in granting a preliminary injunction, stated that the applicable principle of law was:

> " 'that [where] another's name was adopted deliberately with a view to obtain some advantage from the good will, good name, and good trade which another has built-up, then the inference of [the] likelihood of confusion is readily drawn, for the very act of the adopter has indicated that he expects confusion and resultant profit.' *Fleischmann Distilling Corp.* v. *Maier Brewing Co.,* 314 F.2d 149, 158 (9th Cir. 1963), *cert. denied,* 374 U.S. 830 (1963)." 465 F.Supp. at 848.

In the present case, the lower courts found that defendant was aware of the popularity in "Bionic" generated by Universal's television shows and selected "Bionic" as its trademark because of this popularity and to "capitalize"

on it. The survey evidence offered by Universal, which was rejected on the basis that the survey question was "too self-serving",* showed that 55% of the 802 individuals surveyed associated a "bionic product" with Universal's television shows or principal characters. In addition to using "Bionic", American also used an advertising poster showing a woman wearing American's hiking boots (which are not designed for running), in a running pose copying the running pose used by Universal's "Bionic Man" and "Bionic Woman" characters at the beginning of their respective programs. Moreover, both sides alleged the existence of likelihood of confusion to support their respective claims, and the Court of Appeals ruled that Universal, not American, was expanding into new fields (A, pp. 18-19).

These facts and findings satisfy the likelihood of confusion test of the Fifth Circuit and the aforesaid lower court decisions and warrant an injunction against American.

The Second Circuit, however, has now taken the view that the owner of a merchandising property like "Bionic" must show more than a misappropriation of its property. Universal was also required to show that American capitalized on the market created by Universal "by confusing the public into mistakenly purchasing the product in the belief that the product is the product of the competitor." This narrow focus on consumer confusion as to source of the goods, as distinguished from endorsement or sponsorship, has not been required in previous case law. This requirement presumes that the sole function of the merchandising property

* The Court's suggestion that the survey question used ("With whom or what do you associate a product labelled Bionic?") should have been replaced with a different question ("With whom or what do you associate a "bionic boot"?) further illustrates the Court's narrow focus on classic trademark rights and ignores the non-classic role of merchandising properties.

is to indicate source of origin, and it also suggests that actual confusion must be shown. However, as shown earlier, merchandising properties serve functions other than indicating source, and "the source of origin" language was eliminated from the Lanham Act as the focal point of confusion. Furthermore, actual confusion is not a requirement under the Lanham Act. *Union Carbide Corp.* v. *Ever-Ready Inc.*, 531 F.2d 366, 383 (7th Cir. 1976).*

The Second Circuit's view unfairly hampers litigants like Universal which have not had the time to acquire a registered trademark** and were not the first to use the merchandising property in the pertinent market.

A virtually impossible burden of proof is placed on the owner of a merchandising property when, as here, survey evidence offered on the issue of likelihood of confusion is rejected on the ground that the persons surveyed did not "necessarily have any present purchasing interest concerning American's hiking boots." If surveys are to be conducted only of actual consumers, then wrongful conduct such as American's could not be stopped before irreparable harm had occurred. At the time of institution of the lawsuit, American's "Bionic" boots had only been sold in minimal quantities, and an insufficient number of actual consumers were available to survey. It would be improper and unfair to require Universal to wait until American had made substantial use of Universal's mark before relief can be granted. Rather, the unusually strong "generalized link-

* Similarly, secondary meaning, discussed by the Court of Appeals, is an inappropriate requirement once a merchandising property is established. The existence of a successful licensing program as shown here, is highly probative, if not conclusive, that "Bionic" has a meaning and value apart from the dictionary meaning of the word. Moreover, the Court of Appeals specifically found "Bionic" to be distinctive (A, p. 15).

** Since the inception of this case, Universal has acquired a number of federal trademark registrations relating to its "Bionic" marks.

age" found by the lower courts between boots labeled "Bionic" and Universal's television shows, coupled with American's intent to capitalize on Universal's "Bionic" mark, should have been held sufficient to establish likelihood of confusion.

The result of the split between the Fifth and Second Circuits on the likelihood of confusion test is a lack of uniformity in protecting merchandising properties as trademarks in the United States. A party which seeks to capitalize on another's merchandising property, similar to the term "Bionic" will be enjoined in Texas; that same party will be free to enjoy the fruits of another's efforts in New York.

CONCLUSION

For the reasons stated, the petition for a writ of certiorari should be granted.

Dated: February 5, 1980

Respectfully submitted,

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OPINION OF COURT OF APPEALS

UNITED STATES COURT OF APPEALS

FOR THE SECOND CIRCUIT

No. 505—August Term, 1978.

(Argued January 15, 1979

Decided November 9, 1979.)

Docket No. 78-7362

AMERICAN FOOTWEAR CORPORATION,

Plaintiff-Appellee,

—against—

GENERAL FOOTWEAR COMPANY LIMITED,

Defendant-Appellant,

—and—

UNIVERSAL CITY STUDIOS, INC.,

Intervening-Defendant-Appellant.

Before:

WATERMAN, GURFEIN and VAN GRAAFEILAND,
Circuit Judges.

Appeal from grant of an injunction, S.D.N.Y., Carter, J., enjoining defendant and intervening defendant from infringing plaintiff's trademark "Bionic,"

and from on their part asserting exclusive rights to the use of "Bionic" in the promotion and sale of footwear.

Injunction order reversed. All parties may use the term "Bionic" with reference to the merchandising of the footwear the parties presently merchandise. District court reversed in part and affirmed in part.

EVAN L. GORDON, New York, N.Y. (Wofsey, Certilman, Haft & Lebow, New York, N. Y., Barry J. Bendes, of counsel; Rosenfeld, Meyer & Susman, Beverly Hills, Calif., William Billick, of counsel) *for Appellants.*

LAWRENCE ROSENTHAL, New York, N.Y. (Blum, Moscovitz, Friedman & Kaplan, New York, N.Y.) *for Appellees.*

WATERMAN, *Circuit Judge:*

Defendant-appellant General Footwear Company Limited (General) and intervening defendant-appellant Universal City Studios, Inc. (Universal) appeal from an interlocutory judgment entered in the United States District Court for the Southern District of New York, Carter, *J.*, granting plaintiff-appellee American Footwear Corporation (American) an injunction against infringement of its trademark "Bionic" in connection with the promotion and sale of footwear. The judgment appealed from enjoins General and Universal from asserting exclusive rights to use of the term "Bionic" in connection with the

promotion and sale of footwear, but in no way interferes with Universal's trademark rights in its T.V. shows or its licensing operations in respect thereto.

The district court found that inasmuch as Universal had not registered or applied for registration of "Bionic" as a trademark prior to the time American selected the mark and applied for registration that no statutory trademark issues were involved. Relying primarily upon American's priority of use, the lower court concluded that American established its right to use "Bionic" in connection with the promotion and sale of its footwear, and therefore, as a result of Universal's "Buyers Beware" advertisement, designed to create the impression that American was guilty of trademark infringement, American has suffered irreparable injury. Based upon the foregoing facts, the court determined that American had established its entitlement to an injunction against Universal for trademark infringement and unfair competition.

Universal and General argue that enjoining them from licensing or using the word "Bionic" in connection with the promotion and sale of footwear because of American's prior use of the word constitutes an inequitable restriction upon a creator's use of a fanciful term and contend that they are entitled to an injunction against American based on American's unfair competition in attempting to capitalize upon the success of Universal's T.V. shows by misappropriating an essential element thereof in the word "Bionic." Defendants-appellants also contend that American failed under recognized principles of trademark law to establish any of the criteria necessary for the issuance of the injunction granted to it by the district court and urge the dissolution of that injunction.

We are in agreement with the defendants-appellants' contention that American failed to establish the necessary elements for issuance of an injunction and hereby order its dissolution. As to the appellants' contention that they are entitled to an injunction restraining American, we find that, because appellants failed to establish a likelihood of confusion such that a substantial number of ordinarily prudent purchasers might be misled into mistakenly purchasing American's footwear, American's usage of the trademark "Bionic," although admittedly adopted to capitalize on public receptiveness to a word Universal was responsible for popularizing, does not establish a case of unfair competition or trademark infringement entitling them to enjoin American's use of the word "Bionic" in connection with the promotion and sale of its hiking boot.

This action, a suit for declaratory relief brought in the New York Supreme Court, was initiated on July 30, 1976, by American against General, which, pursuant to license from Universal, was using "Bionic" in the manufacture and sale of inexpensive children's sneakers. On August 13, 1976, General, however, removed that action to the United States District Court for the Southern District of New York and on September 20, 1976, commenced a separate action against American in the United States District Court. Universal was granted leave to intervene in both actions. Subsequently the two actions were consolidated for all purposes.

The consolidated action contains the claims by American as plaintiff in its suit against General and Universal for common law trademark infringement, unfair competition, and tortious interference with business relations, and also the claims Universal and

General assert against American in their action for common law and statutory trademark infringement, unfair competition, false designation of origin, passing off, and dilution.

The events leading up to the present controversy are lengthy and involve numerous peripherally related facts which will not be discussed at length. Beginning in January 1974 Universal, a television and motion picture studio, began what became an immensely popular T.V. series entitled "The Six Million Dollar Man." The story line of this series concerned the adventures of a "bionic" man who, after a catastrophic accident, had been restored by a team of doctors through the use of numerous artificial limbs and organs. As a result, the "bionic" man possessed great physical strength and powers. This series was followed by another with a similar theme featuring a "bionic" woman, first aired in January 1976 under the title of "The Bionic Woman." Universal has applied for or registered numerous trademarks having reference to these two television shows in the fields of entertainment and of toys, and has begun a vigorous merchandising campaign exploiting the popularity of these two television programs. As of January 1976, however, its only registered mark was for "The Six Million Dollar Man" in the field of entertainment services.

In the fall of 1975 American, through its sister company Anwelt Corp., designed a multipurpose hiking boot. The trademark "Bionic Boot" was adopted for the hiking boot in January 1976, at a brainstorming session of the American staff. It is undisputed that the idea for the trademark was generated from the highly popular television series

"The Six Million Dollar Man," where the hero is sometimes referred to as the "Bionic" man.

American searched the records of the U. S. Patent and Trademark Office to ascertain whether "Bionic" had been registered as a federal trademark on footwear or whether there were any pending applications so to register. American was advised that the mark "Bionic" was available for registration and that while "Bionic" or other related terms had been used as trademarks for various goods, the mark "Bionic" had never been registered or applied for in connection with footwear. American, therefore, went ahead with its plans to use "Bionic" as a trademark and displayed the boot under that mark at the New York Shoe Fair in February 1976. The trademark "Bionic" by American was affixed to the heel pad of the boot and was prominently displayed on the box.[1] American's application for federal registration of the trademark "Bionic" was filed on June 9, 1976. The first customer orders for the boot were dated February 1976, and the first shipment to customers was in July 1976. "Footwear News" also featured American's "Bionic Boot" in its April 26, 1976, supplement.

Beginning in December 1975 Merchandising Corporation of America, Inc. (Merchandising), the com-

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1 American affixes its trademark to its boots on a heel pad as follows:

BIONIC™
BY
AMERICAN

The gummed label affixed to the box in which the "Bionic Boot" is sold reads as follows:

BIONIC™ BOOT
BY
AMERICAN

mercial arm of Universal, began negotiations with General concerning commercial exploitation of its "The Six Million Dollar Man" series in the footwear field. Although some agreement was reached in March 1976, the district court found that the earliest date at which a license was effectuated was sometime subsequent to October 4, 1976. The court held that "[t]he licensing agreement as proposed and as finally agreed upon always refer[s] to Six Million Dollar Man and Bionic Woman, and at no time is there any reference to a trademark Bionic or to licensing the use of Bionic alone or indeed licensing anything separate and apart from the TV shows mentioned." (Joint Appendix at 15.)

As a result of the article in "Footwear News" featuring American's "Bionic Boot," Universal's subsidiary, Merchandising, sent a letter dated June 25, 1976, to American charging trademark infringement. Thereafter on July 26, 1976, Merchandising published in "Footwear News" a "Buyers Beware" advertisement which stated that Universal alone had the right to use "Bionic" as a trademark and charged trademark infringement against all who used the mark without its permission.

At the outset of its opinion the district court found that Universal had not registered or applied for a registration of "Bionic" as a trademark for any goods prior to the time American selected the mark and applied for its registration and accordingly it held that no statutory trademark issues were involved. The district court recognized that:

> It was entirely permissible for American to attempt to capitalize on public receptiveness to a concept, idea or word which Universal has been responsible for creating or popularizing. The only

> limitation is that the party who takes advantage of the atmosphere the other party has helped create may not achieve a competitive boost by confusing the public into mistakenly purchasing his articles believing it to be that of his competitor. (citation omitted). American has not been guilty of that fault. It has at all times made clear that the Bionic boot it was attempting to promote was an American product. No effort of any kind was made to associate the boot with Universal's TV shows or with any of the characters in those shows. (Joint Appendix at 17-18.)[2]

The court concluded, therefore, that the real issue in that controversy was whether Universal through its T.V. shows had foreclosed use in the marketplace of "Bionic" or "Bionics" by others. The court held that "Bionic" as used by American was an arbitrary mark, whereas its use by Universal was as a descriptive term (*i.e.*, bionic man, bionic woman, bionic boy,

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2 Appellants dispute this finding by the district court. They contend that American's intent to capitalize upon the popularity of Universal's television shows was evidenced by a poster, showing a woman in a running pose similar to the running pose adopted by Universal's theme characters in the opening segments of each episode of "The Six Million Dollar Man" and "The Bionic Woman," which was employed by American as part of the advertising display promoting its "Bionic Boot" at the National Shoe Fair held in New York City in February 1976. On the other hand, conceding that American's "Bionic Boots" were not designed to be the functional equivalent of track shoes, an advertisement for footwear does lend itself to a running pose. Moreover, the similarities between the poster and the scenes from the TV shows are not so marked that, when the poster is displayed together with numerous and prominent references to American and to no other entity, an ordinarily prudent purchaser would be likely to be misled into believing that any sponsorship arrangement existed between Universal's TV shows and American's product.

bionic dog),[3] and Universal had therefore failed to establish a right to be accorded use priority over American, *citing Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492 (2 Cir.), *cert. denied*, 368 U.S. 820, 82 S.Ct. 36 (1961).

Additionally, the court held that "[t]he word bionic has not been shown to have acquired a secondary meaning so that the public associates the term with Universal or its TV series" (Joint Appendix at 18). In so holding the court rejected survey evidence introduced by Universal that purported to demonstrate public association between the word bionic and the T.V. series.[4]

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3 That is to say, Universal's usage of the adjective "bionic" was intended to correspond with that term's dictionary meaning, "concerning the science of designing instruments or systems modeled after living organisms."

4 At trial Universal offered two surveys conducted under the supervision of Dr. Russell Haley, a telephone survey and a shopping center survey.

The telephone study was conducted on a national probability sample of individuals 16 years of age or older. 802 individuals were asked a single question: "With whom or what do you associate a product labelled Bionic?" Of the 802 interviewees 34.7% gave no associational response whatsoever and 55% associated a product labeled Bionic with Universal's television shows or their principal characters. Although the latter percentage may be significant, the form of the survey question was too self-serving, in that the more relevant inquiry should have been "With whom or what do you associate a 'Bionic' boot?" *See American Basketball Association v. AMF Voit, Inc.*, 358 F.Supp. 981, 986 (S.D.N.Y.), *aff'd* 487 F.2d 1393 (2d Cir. 1973), *cert. denied*, 416 U.S. 986, 94 S.Ct. 2389 (1974).

The second study, the on-site shopping center survey, involved 307 personal interviews in six shopping centers throughout the country. Each of the interviewees was shown an American promotional poster for the "Bionic Boot," and was then asked: "With whom or what do you associate the term Bionic Boot?" Out of the 307 persons interviewed 74.3% identified the poster as being connected with Universal's "The Six Million Dollar Man" or "The Bionic Woman" television series or with their

Universal and General concede that if the term, *i.e.*, word, "bionic" had been used in its descriptive dictionary sense in relation to a product whose functional use would correspond to that descriptive sense, Universal has not foreclosed the use of such a term by others in the marketplace; but they argue that the court, in denying their application for an injunction, misapprehended the nature of their claim. First, Universal argues that it has foreclosed the use of the "television word Bionic" to others due to its efforts and skills in developing and popularizing the word

principal characters. Assuming that this percentage is high enough to be significant, the critical defect in this survey was the failure to conduct it under actual marketing conditions. Whenever American had displayed this poster at various shoe fairs or industry trade shows, the poster always was shown in an environment replete with references to American as the seller of the boot. However, once removed from this environment, the poster differed from American's other "Bionic Boot" advertisements in that the poster itself did not contain any references to American. This defect was pointed out by the district court during Dr. Haley's testimony, the court stating:

> . . . one of the issues in the case is the possibility of confusion on the part of the consumer, so it seems to me that using the advertisement in the form that the defendant finds objectionable . . . would get a more accurate response as to whether or not there is the likelihood of confusion with the defendant's product than leaving it off.

(Joint Appendix at 698-99); *see American Luggage Works, Inc. v. United States Trunk Co.*, 158 F.Supp. 50, 53 (D.Mass. 1957) (Wyzanski, J.), *aff'd sub nom. Hawley Products Co. v. United States Trunk Co.*, 259 F.2d 69 (1st Cir. 1958). Moreover, the survey participants, although former purchasers of hiking boots, did not necessarily have any present purchasing interest concerning the particular matter being surveyed. As noted by Judge Wyzanski in *American Luggage Works, Inc., supra*, 158 F.Supp. at 53, "Many men do not take the same trouble to avoid confusion when they are responding to sociological investigators as when they spend their cash," quoted approvingly in 259 F.2d at 78.

Accordingly, in light of these methodological defects, the district court's rejection of this survey evidence was not clearly erroneous.

through the television series in which the word is used as part of the title of one of the series and is used as an adjective describing both major characters. Universal contends that this issue before the court is not whether the product is identified as being made by American, but whether the public could confuse the source of the product's sponsorship and purchase it because of a belief that it had some connection with Universal's television series.

Secondly, appellants argue that Universal's use of the terms "Bionic Man" and "Bionic Woman" on products marketed by its licensees was, contrary to the finding of the district court, arbitrary trademark use, so that Universal is entitled to protection against a subsequent user of an identical mark, citing *Triangle Publications v. Rohrlich*, 167 F.2d 969, 972 (2d Cir. 1948); *LeBlume Import Co. v. Coty*, 293 F. 344, 358-59 (2d Cir. 1923); *National Lampoon, Inc. v. American Broadcasting Cos., Inc.*, 376 F.Supp. 733, 747-48 (S.D.N.Y.) *aff'd* 497 F.2d 1343 (2d Cir. 1974). Also, appellants contend that if Universal's use of the word "bionic" is merely descriptive, the word has acquired a secondary meaning and appellants are thereby entitled to equitable protection.

The essence of Universal's and General's claim of unfair competition and trademark infringement is the adoption by American of the "television word" bionic. In support of their alternative theories of recovery, appellants cite: *Triangle Publications v. Rohrlich, supra; Lone Ranger, Inc. v. Cox*, 124 F.2d 650 (4th Cir. 1942); *National Lampoon, Inc. v. American Broadcasting Cos., Inc., supra;* and *Wyatt Earp Enterprises v. Sackman, Inc.*, 157 F.Supp. 621

(S.D.N.Y. 1958), all of which stand for the proposition that the public, through associating a name or symbol with a particular sponsorship, can be misled as to sponsorship of a product by the overt use by another party of that name or symbol. Hence, appellants reason that if Universal had in fact established a protectable right in the terms "Bionic Man" or "Bionic Woman" then, under principles of trademark law, American has infringed by the use as the dominant portion of its mark, the portion, "bionic," which most clearly identifies the sponsor of the goods, and therefore American should have been enjoined from the use of "bionic."

Although at one time the law of unfair competition was limited to claims that one party had attempted to pass off his goods as those of another party, unfair competition is now held to encompass a broader range of unfair practices which may be generally described as a misappropriation of the skill, expenditures, and labor of another. *Flexitized, Inc. v. National Flexitized Corp.*, 335 F.2d 774, 781 (2d Cir. 1964), *cert. denied*, 380 U.S. 913, 85 S.Ct. 899 (1965); *Ideal Toy Corp. v. Kenner Products Division of General Mills Fun Group, Inc.*, 443 F.Supp. 291, 305 (S.D.N.Y. 1977). "[O]ne cannot sell his product by misappropriating the good will of another through misleading the public into thinking that it is 'sponsored' by or derived from something else." *Ideal Toy Corp. v. Kenner Products Division of General Mills Fun Group, Inc., supra* at 305. Yet, liability in this area for misimpression or misappropriation has been limited. For example, one can capitalize on a market or fad created by another provided that it is not accomplished by confusing the public into mistakenly purchasing the product in the belief that the product

is the product of the competitor. *Philip Morris, Inc. v. R. J. Reynolds Tobacco Co.*, 188 U.S.P.Q. 289 (S.D.N.Y. 1975). All the cases in this area which appellants rely upon involved proof of a substantial secondary meaning in plaintiff's arbitrary trademark, *Triangle Publications v. Rohrlich, supra* (secondary meaning in mark "Seventeen"), or bad faith predatory conduct justifying relief, *Lone Ranger, Inc. v. Cox, supra* (bad faith); *HMH Publishing Co., Inc. v. Brincat*, 504 F.2d 713 (9th Cir. 1974) (bad faith). *See also Lincoln Restaurant Corp. v. Wolfies Restaurant, Inc.*, 291 F.2d 302 (2d Cir. 1961) (deliberate attempt to create name-association). Here the district court found that there was no proof that American's advertising was built thematically around Universal's television shows, or that American played down its own name to inspire confusion, or that American acted in any other way except by the use of the word "bionic" to suggest any association with Universal's television enterprise. In fact, appellants concede that Universal's merchandising program uses the term "bionic" *to describe* many products sold under "The Six Million Dollar Man" mark and the "Bionic Woman" mark; therefore, in view of this descriptive usage there would be no apparent reason for a consumer to assume that because the boots bore the mark "Bionic" the creators of "The Six Million Dollar Man" or the "Bionic Woman" were automatically engaging their creations in the sponsorship of hiking boots. Additionally, there was no evidence of prior dealings between American and Universal as in *Wyatt Earp Enterprises v. Sackman, Inc., supra*, and *National Lampoon, Inc. v. American Broadcasting Cos., Inc., supra*, which might tend to

support a conclusion that American adopted "Bionic" for the purpose of suggesting an association with Universal's television series. Therefore, while American certainly intended to capitalize on Universal's popularization of the word "bionic," we find that it did not so capitalize by confusing consumers.

Challenging the findings of the district court, appellants also contend that by virtue of Universal's efforts in promoting its television programs the word "bionic" has come to be equated with the notion of enormous strength and superhuman ability as opposed to its dictionary definition ("The science of designing instruments or systems modeled after living organisms") and has, therefore, acquired a secondary meaning.

We previously have discussed the district court's disposition of this argument. Although we do not subscribe to the view, arguably implicit in the district court's reasoning, that survey evidence gathered for later use in litigation invariably is suspect and not relevant to the issue of secondary meaning, *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366, 381 (7th Cir. 1976), we are of the opinion that, in view of the numerous deficiencies inherent in the surveys here, the district court's rejection of this survey evidence was not clearly erroneous. *See* footnote 4, *supra*.

The doctrine of secondary meaning requires not only that the mark have a subordinate meaning, but also that the *primary* significance of the mark in the minds of the consumers is the identification of the producer, not a designation of the product. *See Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 59 S.Ct. 109 (1938); *Spang v. Watson*, 205 F.2d 703

(D.C.Cir.), *cert. denied*, 346 U.S. 938, 74 S.Ct. 378 (1954); *Blisscraft of Hollywood v. United Plastic Co.*, 189 F.Supp. 333 (S.D.N.Y. 1960), *aff'd in part, rev'd in part on other grounds*, 294 F.2d 694 (1961). So, when a company causes the public to associate a certain word with that company's business, that word has a secondary meaning and receives the full protection of the law of trademark and unfair competition. The crucial question in a case involving "secondary meaning" always is whether the public is moved in any degree to buy an article because of its source. *See Wyatt Earp Enterprises, Inc. v. Sackman, Inc., supra*. Proof of secondary meaning is often difficult inasmuch as no precise guidelines are applicable and no single factor is determinative. Each case must, therefore, be decided on its facts with consideration given to such elements as the length and exclusivity of use, sales levels, and extent of advertising and promotion. The fact that Universal has succeeded in popularizing the word "bionic," and cultivated public acceptance of a relatively unknown word, while sufficient to support a finding of distinctiveness, *Alfred Dunhill of London, Inc. v. Kasser Distillers Products Corp.*, 350 F.Supp. 1341, 1359 (E.D.Pa. 1972), *aff'd*, 480 F.2d 917 (3d Cir. 1973); *Time Mechanisms, Inc. v. Qonaar Corp.*, 422 F.Supp. 905, 912 (D. N.J. 1976), is insufficient to support a finding of secondary meaning. Furthermore, the fact that Universal invested in excess of $20,000,000 in the production of its television shows and received royalties in excess of $10,000,000 from its merchandising program, as compared with American's minimal advertising expenditures in the promotion of its "Bionic Boot" (approximately $3,000), while relative to the issue of

secondary meaning, is certainly not dispositive. *HMH Publishing Co. v. Brincat, supra* at 719. For just as the expenditure of large sums of money does not in and of itself create legally protectable rights, so, too, the mere presence of extensive advertising does not assure the existence of a likelihood of confusion. *HMH Publishing Co. v. Brincat, supra.* Appellants' survey relative to consumer reactions to boots labeled "Bionic" only demonstrated a generalized linkage with Universal's television programs and did not demonstrate the existence of any consumer confusion as to sponsorship or source of manufacture. Such is insufficient to establish a secondary meaning in the word.

Appellants' trademark theory of recovery is no more persuasive than its misappropriation theory. It overlooks the well-established principle that trademark rights, unlike statutory copyrights or patents, are not rights in gross or at large. "There is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed." *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97 (1918). The right, therefore, to exclusive use of a trademark derives from, and is limited by, its actual use in the marketplace. *La Societe Anonyme des Parfums Le Galion v. Jean Patou, Inc.*, 495 F.2d 1265, 1271 (2d Cir. 1974). The test, under both the Lanham Act and the common law, is the likelihood that the consuming public will be confused as to the source of the allegedly infringing product. *See Mushroom Makers, Inc. v. R. G. Barry Corp.*, 441 F.Supp. 1220, 1225 (S.D.N.Y. 1977), *aff'd*, 580 F.2d 44 (2d Cir. 1978); *Maternally Yours v. Your Maternity Shop*, 234 F.2d 538 (2d Cir. 1956). As has often been observed, the law of trademark infringement is but a part of the law of unfair competition, *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 413, 36 S.Ct. 357 (1916), and the same test is applied in determining each claim. For confusion to arise the markets need not be identical, *Scarves by Vera, Inc. v. Todo Imports, Ltd. (Inc.)*, 544 F.2d 1167 (2d Cir. 1976), but the similarity of the markets or products is a factor meriting the consideration of the likelihood of confusion. *Mushroom Makers, Inc. v. R. G. Barry Corp., supra.* The trademarks registered to Universal were in the areas of T.V. entertainment and toys. This market area bears little if any relationship to footwear, and diminishes the strength of Universal's contention that it had established a right to the term "bionic" as a fanciful mark in the field of footwear. Yet, as recognized by the district court, the fact that Universal had not utilized the mark, registered it, or applied for the mark on footwear is not decisive of the issue, for a trademark owner has a right to protection against the use of the mark by third parties on related non-competing goods. The district court determined that American, by virtue of the fact that it was the first user of the arbitrary mark "Bionic" in connection with the promotion and sale of footwear, as contrasted with Universal's purely descriptive use of the term bionic, had established its entitlement to an injunction against Universal and General for trademark infringement and unfair competition and Universal's "Buyers Beware" advertisement was the basis of the court's finding that American had suffered irreparable injury. This finding, coupled with the court's conclusion

that American had acquired common law trademark rights to "Bionic" in the field of footwear, constituted the factual and legal bases for the award of injunctive relief. Also, the court held that under the standards set forth in *Polaroid Corp. v. Polarad Electronics Corp., supra* at 495, Universal had failed to establish a right to be accorded priority over American in the area of the merchandising of footwear.

The question of whether a senior user is entitled to protection against a junior user on non-competitive goods was addressed by this court in *Polaroid Corp. v. Polarad Electronics Corp., supra*. The factors suggested in *Polaroid* include, but are not limited to:

> [T]he strength of his mark, the degree of similarity between the two marks, the proximity of the products, the likelihood that the prior owner will bridge the gap, actual confusion, and the reciprocal of defendant's good faith in adopting its own mark, the quality of defendant's product, and the sophistication of the buyers.

Polaroid Corp. v. Polarad Electronics Corp., supra at 495.

It has long been established in this circuit that the mere fact of seniority alone does not entitle the first user of a trademark to injunctive relief. The determination is to be made on the basis of the equities involved, and thereby requires an evaluation of the legitimate interests of the senior user, the junior user, and the consuming public. *Chandon Champagne Corp. v. San Marino Wine Corp.*, 335 F.2d 531, 534 (2d Cir. 1964). Therefore, to the extent that American sought relief for trademark infringement

under the Lanham Act, 15 U.S.C. § 114, it was necessary for it to prove the elements of trademark infringement. *See Scarves by Vera, Inc. v. Todo Imports, Ltd. (Inc.), supra; Kiki Undies Corp. v. Promenade Hosiery Mills, Inc.*, 411 F.2d 1097, 1099 (2d Cir. 1969), *cert. dismissed*, 396 U.S. 1054 (1970); *Polaroid Corp. v. Polarad Electronics Corp., supra*. American has clearly failed to meet this burden. First, "Bionic" is a relatively new mark and therefore could not be considered a particularly strong mark in the marketplace. Second, there is little comparability between the expensive hiking boots sold by American and the inexpensive children's sneakers sold by Universal's licensee, General. The dissimilarities in the products (*i.e.*, hiking boots vs. children's sneakers) also have an indirect bearing on the marketplace sophistication of buyers inasmuch as the purchasers of American's hiking boot undoubtedly are not motivated by the same considerations as purchasers of "The Six Million Dollar Man" or "Bionic Woman" "Bionic Sneakers." American has not brought its case within the *Polaroid* factors. American, the senior user, is not "bridging the gap." It is Universal, the junior user, which is expanding into new fields (*i.e.*, footwear) and not American. As to the quality of General's product, American made no claim in the court below and none here that it was concerned with General's competition in manufacturing and selling children's sneakers. And, finally, American presented no evidence on the crucial issue, essential to sustain a finding of trademark infringement, of whether there was likely to be consumer confusion by the use of the mark by Universal and General. In fact, the only evidence presented on the

issue of consumer confusion was the survey evidence offered by appellants, a survey which failed to establish the likelihood of such confusion and the results of which were rejected by the district court.

We find, after consideration of all pertinent factors under trademark principles and the law of unfair competition, that neither party has demonstrated entitlement to equitable protection of their respective marks and hereby order the dissolution of the injunction entered against appellants herein. In so holding, we do, however, adopt the suggestion made by appellants that inasmuch as Universal's and General's use of the word "Bionic" was clearly accompanied by references to the respective television series, and that all the footwear made by General contained the name of the television series elsewhere on the footwear, that American will be permitted to continue to market its "Bionic Boot" simultaneously with permitting Universal and General to exploit fully Universal's creativity by simultaneously marketing the "The Six Million Dollar Man" and the "Bionic Woman" "Bionic Sneakers."

Inasmuch as the district court did not address the pendent state claims under section 368d of the New York General Business Law (N.Y. Gen. Bus. Law § 368d) and therefore made no findings of fact or conclusions of law with respect thereto, we deem it inappropriate to address those issues on appeal.

Opinion of district court reversed in part; affirmed in part.

570—11-13-79 • USCA—4498

OUTPUT SYSTEMS, INC., 157 Chambers St., N.Y. 10007, (212) 374-1234

Judgment of Court of Appeals.

UNITED STATES COURT OF APPEALS

FOR THE SECOND CIRCUIT

At a stated Term of the United States Court of Appeals for the Second Circuit, held at the United States Courthouse in the City of New York, on the ninth day of November, one thousand nine hundred and seventy-nine.

Present: HON. STERRY R. WATERMAN
HON. MURRAY I. GURFEIN
HON. ELLSWORTH A. VAN GRAAFEILAND

Circuit Judges

78-7362

AMERICAN FOOTWEAR CORPORATION,

Plaintiff-Appellee,

v.

GENERAL FOOTWEAR COMPANY LIMITED,

Defendant-Appellant,

UNIVERSAL CITY STUDIOS, INC.,

Intervening-Defendant-Appellant.

UNIVERSAL CITY STUDIOS, INC. and GENERAL FOOTWEAR COMPANY LIMITED,

Plaintiffs-Appellants,

v.

AMERICAN FOOTWEAR CORPORATION,

Defendant-Appellee.

Judgment of Court of Appeals.

Appeal from the United States District Court for the Southern District of New York.

This cause came on to be heard on the transcript of record from the United States District Court for the Southern District of New York, and was argued by counsel.

On Consideration Whereof, it is now hereby ordered, adjudged, and decreed that the judgment of said District Court be and it hereby is affirmed in part and reversed in part in accordance with the opinion of this court.

A. Daniel Fusaro,
Clerk

Arthur Heller

By: Arthur Heller,
Deputy Clerk

Opinion of the District Court.

UNITED STATES DISTRICT COURT
Southern District of New York

File-in
76 Civ. 3594

American Footwear Corporation,
Plaintiff,

—against—

General Footwear Company Limited and Universal City Studios, Inc.,
Defendants.

76 Civ. 4189

Universal City Studios, Inc. and General Footwear Company Limited,
Plaintiffs,

—against—

American Footwear Corporation,
Defendant.

Opinion

The Parties

American Footwear Corp. ("American") is a Massachusetts corporation, having its principal place of business in Fitchburg, Massachusetts. American and its sister company, Anwelt Corporation ("Anwelt"), are now engaged

in the manufacture and sale throughout the United States of high quality footwear ranging in price from $30 to $80 retail. Anwelt has been in operation since 1926, and American since 1965. American sells its products to retailers throughout the United States under the mark American. Anwelt sells Anwelt and American products at retail factory stores in Fitchburg and in Keene, New Hampshire. Both companies sell in volume to large chains under the latters' private labels. The companies promote their products through salesmen and manufacturer representatives, in catalogs, bulletins, trade journals and general advertising, and at national and regional trade shows.

General Footwear Company Limited ("General") is a Canadian corporation having its principal place of business in Montreal, Quebec, Canada. It has been in the business of importing, manufacturing and selling footwear in Canada for many years and more recently in the United States. It is a licensee of Universal in the footwear field—the scope and nature of the license to be determined in the resolution of this controversy.

Universal City Studios, Inc. ("Universal") is a Delaware corporation with its principal place of business in Universal City, California. It is in the business of making and distributing TV motion pictures and is the producer of the TV series "Six Million Dollar Man" and "The Bionic Woman."

Merchandising Corp. of America, Inc. ("Merchandising") is a California corporation with its principal place of business in Universal City, California. Merchandising is in charge of licensing rights to the use of "Six Million Dollar Man" and "The Bionic Woman" in the promotion of various commercial products of third parties. Both Universal and Merchandising are wholly-owned subsidiaries of MCA, Inc. ("MCA") whose principal place of business is also in Universal City. MCA is not a party to this action.

The Proceedings

This action was initiated on July 30, 1976, by American against General as a suit for declaratory relief brought in the New York State Supreme Court, New York County. On August 13, 1976, General removed the action to this court. On September 20, 1976, General commenced a separate action against American in this court. Universal was granted leave to intervene in both actions, and the two actions were subsequently consolidated for all purposes.

The consolidated action involves claims by American as plaintiff in its suit against General and Universal for common law trademark infringement, unfair competition and tortious interference with business relations. Universal and General assert claims against American in their action for common law and statutory trademark infringement, unfair competition, false designation of origin, passing off and dilution. As defendants the parties have filed as counterclaims the various causes of action they assert as plaintiffs.

All causes of action in this litigation arise from a claim by American to common law trademark rights in the trademark Bionic for its shoes and boots. This claim is contested by Universal which asserts a right, both at common law and statutory, to the exclusive use of the trademark Bionic on all commercial goods, including shoes and boots and the right to bar all others from use of the mark Bionic except pursuant to a valid license agreement for such use with Merchandising. General asserts as Universal's licensee the exclusive right to use the trademark Bionic on footwear. American seeks a permanent injunction against Universal and General for trademark infringement and unfair competition. Universal and General seek similar relief from American. Both sides seek an accounting for profits.

The case was tried September 26 though September 28, 1977. Proposed findings of fact and conclusions of law and memoranda of authorities were filed in November, 1977.

The Facts Relevant to Right to Permanent Injunctive Relief

In the fall of 1975, Anwelt and its supplier, Sango Shoe Manufacturing Co., designed a multi-purpose boot good for hiking and mountain climbing which is said to have some novel features enabling the boot to be both light and sturdy. Some $50,000 in development costs were expended. The boot was manufactured exclusively for Anwelt and American, and American sold the boot to J. C. Penny under a private label, not in issue here, and to retailers under the trademark Bionic. That trademark was adopted in January, 1976, at a brainstorming session of the American staff called to provide a name for the new boot. It is undisputed that the idea for the trademark was generated from the highly popular TV series "Six Million Dollar Man" where the hero is referred to from time to time as the bionic man, and in which other characters are referred to as bionic (boy, woman, dog). A second such TV series entitled "The Bionic Woman" was aired beginning in January, 1976.

American caused a search to be made by its counsel of the records of the United States Patent and Trademark office to ascertain whether Bionic had either been registered as a federal trademark on footwear or whether any application for such registration had been filed. The search was undertaken, and American was advised that the name was available; that while Bionic or related terms had been used as a trademark for various goods, the mark had never been registered or applied for in connection with footwear.

At the time of the search, Universal had registered "Six Million Dollar Man" as a trademark covering entertainment services through TV movies—the issue date was November 18, 1975. An application was on file for "Six Million Dollar Woman" covering toy dolls and that mark was subsequently registered, its issue date being March 1, 1977. Similarly, an application was on file for "Bionic Woman," covering entertainment services through TV movies, and for "The Bionic Woman," covering toy dolls of the action figure type. Registration of each of these marks was approved—the issue date for "Bionic Woman" (entertainment) being February 15, 1977 and for "The Bionic Woman" (toys) being April 12, 1977. In addition, Universal had applied on March 25, 1976 for registration of "Bionic Bustout" covering toys but its application was filed after the search on American's behalf had been completed. That mark ("Bionic Bustout") was registered on September 21, 1977. Moreover, since this action was commenced, Universal has filed a number of applications seeking registration of the mark Bionic alone in connection with various articles, *e.g.*, optical viewers, eyeglasses, and footwear.

Armed with the results of the search showing no prior registration or application, American went ahead with its plans to use Bionic as a trademark in connection with the sale and promotion of its new hiking boot. It displayed the boot under the trademark Bionic at the New York Shoe Fair on February 7, 8, 1976. The boot and the mark Bionic were exhibited at the American booth at the fair, and American was clearly indicated as the source. The first customer orders bearing the trademark Bionic are dated February 8, 1976. American placed its first order for the boot with Sango, its supplier, on February 18, 1976, and made the first shipment to customers on July 2, 1976. The boot was sold throughout the United States at

$32-$40 retail. The trademark *Bionic* by *American* has been affixed to the heel pad of the boot and also is prominently displayed on the box in which the boot is sold. American's application for federal registration of the trademark was filed in June 9, 1976.

Universal and General negotiated a license agreement in 1976. General was interested in making a breakthrough into the American market. It was felt that a license under "The Six Million Dollar Man" and "The Bionic Woman" TV shows, pursuant to which the characters in these popular shows could be exploited and the stars could be used to aid promotion, would help to establish a following for General's products in the United States. The negotiations for the licensing agreement commenced in December, 1975, and concerned the terms under which General would be licensed to use the Universal TV series ("Six Million Dollar Man" and "Bionic Woman") and the characters therein to help General promote a line of footwear on the American market. The licensing agreement as proposed and as finally agreed upon always refer to Six Million Dollar Man and Bionic Woman, and at no time is there any reference to a trademark Bionic or to licensing the use of Bionic alone or indeed licensing anything separate and apart from the TV shows mentioned.

Defendants testified that agrement was reached in March, 1976. However, a September 15, 1976, letter mailed to General proposes to license General to use the rights acquired only in connection with the sale of "girls' casual footwear, slippers, rain footwear and sneakers—the construction composed of canvas, leather or rubber." There is a letter dated October 4 from General to Merchandising seeking changes in the proposed contract of September 15 and the agreement, as signed, excludes the use by General of Universal's trademark on the boots—at issue here. Accordingly, sometime subsequent to October 4, 1976, is the

earliest date a license to General can be said to have been effected, and that license does not include the right to use "Six Million Dollar Man" or "Bionic Woman" or the characters in that TV series on boots.

Footwear News selected the American Bionic boot to feature in its April 26, 1976 supplement. In the Footwear News' display the mark Bionic and American as the source are prominently displayed. This issue of Footwear News was seen by someone at General. General advised Merchandising by letter dated May 10 that American was using the trademark Bionic in connection with the promotion of its hiking boot. In a telegram to General, dated July 10, Merchandising suggested that General move quickly into the market. On June 25, Merchandising sent a letter to American charging trademark infringement. Because of vacation schedules the letter was actually not seen by anyone in authority at American until July 19. On July 26, 1976, Merchandising had published in Footwear News a buyers beware article in which it claimed that Universal alone had a right to use Bionic as a trademark, charging trademark infringement against all who used the mark, without its permission.

These two suits followed. In preparing for this trial, Merchandising or its counsel employed Russell Haley & Associates, Inc. to conduct a survey purportedly to determine the extent to which the consumer public associated the term Bionic as used on a boot with Universal's TV shows. The survey and its import will be discussed in more detail *infra*.

Discussion

It is clear that Universal had not registered or applied for registration of "Bionic" as a trademark on any goods prior to the time American selected the mark and applied

for its registration. At the time the only registered trademark Universal owned was "Six Million Dollar Man." Applications for registration were on file for "Bionic Woman" and "The Bionic Woman," in connection with toy dolls and TV shows. There was no registered trademark or application therefor by Universal of any kind covering footwear. Accordingly, no statutory trademark issues are involved.

The "Six Million Dollar Man" was a very popular TV show, and it helped bring the term bionic into more common usage. The word bionic appears in the 1955 edition of the New Standard dictionary of the English Language (Funk and Wagnal) and is there defined as possessing the quality of repeating in successive generations the same morphological characteristics. Bionics is defined in the New World Dictionary 1970 edition as "The science of designing instruments or systems modeled after living organisms." Yet it is fair to say that until Six Million Dollar Man's reference to bionic man, bionic boy, bionic dog and bionic woman, that neither bionics nor bionic were well known or widely used words.

It is also clear that Universal's TV series "Six Million Dollar Man" gave American the inspiration to adopt Bionic as a trademark, but that fact alone does not make out a case of trademark infringement. It was entirely permissible for American to attempt to capitalize on public receptiveness to a concept, idea or word which Universal has been responsible for creating or popularizing. The only limitation is that the party who takes advantage of the atmosphere the other party has helped create may not achieve a competitive boost by confusing the public into mistakenly purchasing his articles believing it to be that of his competitor. *Philip Morris Inc. v. R. J. Reynolds Tobacco Co.*, 188 U.S.P.Q. 289 (S.D.N.Y. 1975). American has not been guilty of that fault. It has at all times made

clear that the Bionic boot it was attempting to promote was an American product. No effort of any kind was made to associate the boot with Universal's TV shows or with any of the characters in those shows.

Universal in the TV series used bionic as a descriptive term—e.g., bionic boy, bionic dog—and in 1976 started a TV series entitled "Bionic Woman"—again Bionic being used in a descriptive sense. The word bionic has not been shown to have acquired a secondary meaning so that the public associates the term with Universal or its TV series. It is quite clear, however, that both shows have become very popular, and that Merchandising's licensing program was successfully capitalizing on that fact. A wide variety of licensing agreements have been concluded. However, all of the agreements are associated directly with the TV shows or the characters depicted therein. Generally, pictures of the TV stars who fill the role of "The Six Million Dollar Man" and "The Bionic Woman" are prominently displayed on the packaging of the licensed product. None of the licenses are for the use of the mark Bionic alone.

In *Polaroid Corp. v. Polarad Electronics Corp.*, 237 F. 2d 492, 495 (2d Cir.), *cert denied*, 368 U.S. 820 (1961) and *Triumph Hosiery Mills, Inc. v. Triumph International Corp.*, 308 F.2d 196, 198 (2d Cir. 1962), the measurements for approach to trademark infringement cases were set forth, and in *Chandon Champagne Corp. v. San Marino Wine Corp.*, 335 F.2d 531, 536 (2d Cir. 1964); *Kiki Undies Corp. v. Promenade Hosiery Mills, Inc.*, 411 F.2d 1097, 1099-1100 (2d Cir. 1969), *cert. dismissed*, 396 U.S. 1054 (1970); and *King Research, Inc. v. Shulton, Inc.*, 454 F.2d 66, 68-69 (2d Cir. 1972), these criteria were expanded to the current yardstick.

The above cases indicate that the factors to be considered are the strength of the mark, the degree of similarity, the proximity of the products, the likelihood that the prior

owner will bridge the gap, actual confusion, the reciprocal of defendant's good faith in adopting the mark, the quality of defendant's product, sophistication of the buyer, and the severe harm an injunction might cause the defendant against a small benefit to the defendant.

The fact that Universal had not utilized the mark, registered it, or applied for the mark on footwear is, of course, not decisive. A trademark owner has a right to protection against use by third parties on related non-competing goods, *see e.g.: Yale Electric Corp. v. Robertson,* 26 F.2d 972 (2d Cir. 1928) (flashlights v. locks); *L. E. Waterman Co. v. Gordon,* 72 F.2d 272 (2d Cir. 1934) (mechanical pens and pencils v. razor blades); *S. C. Johnson & Co., Inc. v. Johnson,* 116 F.2d 427 (2d Cir. 1940) (waxes and floor cleaners v. fabric cleaners); *Triangle Publications, Inc. v. Rohrlick,* 167 F.2d 969 (2d Cir. 1943) (magazines v. girdles); *Pure Foods, Inc. v. Minute Maid Corp.,* 214 F.2d 792 (5th Cir. 1954) (juices v. meats); *Safeway Stores, Inc. v. Safeway Properties, Inc.,* 307 F.2d 495 (2d Cir. 1962) (groceries v. real estate); *Communications Satellite Corp. v. Comcet, Inc.,* 429 F.2d 1245 (4th Cir.), *cert. denied,* 400 U.S. 942 (1970) (satellites v. computers); *Scarves By Vera, Inc. v. Todo Imports, Ltd. (Inc.),* 544 F.2d 1167 (2d Cir. 1976) (scarves v. fragrances), and as was said in *Scarves By Vera, Inc., supra,* when the claims for infringement have been rejected, the holding allowing use on the non-competing goods has been precisely defined. *Id.* at 1172.

A trademark, however, must be appurtenant to an established business, *Capital Temporaries, Inc. of Hartford v. Olsten Corp.,* 506 F.2d 658, 663 (2d Cir. 1974), and the rights of ownership of a mark arises from its prior use in connection with a particular product or service. *Computer Food Stores Inc. v. Corner Store Franchises, Inc.,* 176 U.S.P.Q. 535 (TTAB 1973). American was clearly the

first to use the mark Bionic in connection with footwear.

The real issue in this case, therefore, is whether Universal through its TV series has foreclosed use of Bionic or Bionics by others in the market place. We think such a claim is too broad. Universal holds no trademark, registered or otherwise, in respect of footwear. Moreover, until American received publicity for its Bionic boot, Universal had made no attempt to utilize Bionic as a mark. It was content to use and to license the use of its "Six Million Dollar Man" and "Bionic Woman" to various and sundry manufacturers of articles geared to the young so that TV shows and the characters portrayed therein could help promote these licensed products. Bionic as used by American is clearly an arbitrary mark but as used by Universal it is merely a descriptive term—bionic boy, bionic man, etc. Accordingly, Universal, under the standards set forth in *Polaroid Corp.* and cognate cases, *supra,* has etablished no right to be accorded priority over American. The latter as the first user with an arbitrary mark is, however, entitled to protection.

There is no likelihood that the public will confuse American's Bionic boot as emanating from or having connection with Universal or any of the latter's licensees. American is not utilizing pictures of Universal's TV characters or making any reference whatsoever to them in the promotion and sale of its product. It has made clear that the boot is an American product, and there can be no confusion as to the source. American, unlike the defendant in *HMH Publishing Co., Inc. v. Brinecat,* 504 F.2d 713 (9th Cir. 1974), is not attempting to exploit the reputation and good will engendered by the TV shows. It has clearly identified its products to show that the source of the boot is American, and thus its exploitation of the success of the TV shows that have been popularizing Bionic as a word does not render it subject to injunction for infringement.

See Bese Corp. v. Linear Design Labs, Inc., 467 F.2d 304 (2d Cir. 1972).

Universal introduced evidence of a survey which purported to show that the public related bionic to its TV shows. The survey was designed, not as an unbiased scientific measure of the public's pulse but as a weapon in litigation to support the client's cause. In any event, surveys are only relevant insofar as they throw light on the issue of the likelihood of confusion. American in its sales and promotion of its Bionic boot clearly identifies American as the source, hence a survey showing that in the abstract, and then only when prodded sufficiently, a significant part of the public may relate bionic to Universal's TV series, does not show that the public will make such a connection when it seeks to by or sees a display of a Bionic Boot identified as a product of American.

American has established its right to use Bionic in connection with the sale and promotion of its footwear since it is the first user. American has established irreparable injury to itself by virtue of Universal's buyer beware advertisement which was designed and gave the public, including American's customers and potential customers, the impression that American was guilty of trademark infringement in the promotion of its Bionic boot. American has established its right to a permanent injunction against Universal for trademark infringement and unfair competition.

General has no standing as a plaintiff since its license from Universal limits its rights to exploit the TV series and characters to footwear not related to boots for hiking or mountain climbing. However, that field of footwear is certainly closely related to American's and having acquired common law trademark rights to Bionic in footwear, American is entitled to have General enjoined from engaging in acts of infringement and unfair competition. *See Yale Electric Corp. v. Robertson* and cognate cases, *supra.*

The injunction to be issued in this case, however, is to be clearly understood as in no way interfering with Universal's trademark rights in its TV shows or its licensing operations in respect thereto. American seeks an accounting. While I am reasonably confident an accounting will produce little in the way of proved damages, American is entitled to one if it insists.

Settle order.

Dated: New York, New York
May 31, 1978

Robert L. Carter
ROBERT L. CARTER
U.S.D.J.

Deposition of Gary Evans.

Q. And you have no recollection of the other names? A. I do know that somebody said the word Bionic, and I said that sounds good. Let's have it checked out.

Q. And you don't recall who suggested it? A. No, I don't.

Q. But you do recall it wasn't you? A. That is right. I believe I liked it as soon as I heard it.

Q. As soon as you heard Bionic, did those television programs that we discussed earlier come to mind? A. To a degree, I suppose they did.

Q. Do you watch Bionic Man? A. I personally don't watch it, but I have children. I have caught glimpses of it.

Q. Have you caught glimpses of the Bionic Woman? A. I believe I saw just a very short glimpse of that just recently, as a matter of fact. Naturally, since I had somebody write down all the ads the Bionic Man did after the New York shows.

Q. Could you explain that to me? A. I just wanted to see what they advertise, what media they were after.

Q. They being? A. The people that were buying commercial time on the Bionic Man.

Q. The sponsors for the program? A. Yes, the sponsors.

Q. What field they were in? A. Yes.

Q. I see. You had indicated that you had someone run through the ads that were placed on the T.V. program sometime after the trade show. When was that done? A. Well, I had my wife mark them down when we were in Montreal.

Q. Just by viewing the show? A. Yes.

Q. And jotting down who else was advertising? A. Yes.

Q. Was that following the February or the August show? A. The August show.

Q. Presumably sometime the end of August or September? A. I could get the exact dates, but we were in Montreal, Canada, at that particular time.

Q. Did you communicate to the group the association that you had made when you heard Bionic with the television programs? Was there some way you communciated that? A. Not that I recall.

Q. Was there anybody else that related that information to you? A. Not that I recall.

Q. Did anybody ever communicate that thought to you prior to a letter that Mr. Ansin referred to this morning that American had received from Universal? Prior to that time, did anyone within your group or elsewhere with reference to your choice of Bionic say that is like the Bionic Man or Bionic Woman? A. Someone within our organization?

Q. Or otherwise. A. As I recall, there was people at the show.

Q. The show would have been after the letter I referred to. The letter would have been in July. So, I am asking you before the letter just for a period. The letter would have been say mid July. A. The association with our boot in relation to the television programs?

Q. Right. You have told us about the association that you made, and I am saying to you had anyone else made that association to you in any context? A. Not that I can recall specifically examples of where people came up and related is that something the Six Million Dollar Man would wear.

Q. Not something that specific, but anyway referred to the television program in the conversation of your boots? A. I don't know whether they tied in specifically to the television program.

Q. Suppose they didn't tie it in specifically. Do you recall in connection with any tie-in? A. Well, going back to my adopting the name at the office there that time, I did know that the Bionic Man was like a Superman, supposed to be very strong, jumped buildings, things like that. And this is a very strong boot, so there was some tie-in there.

Q. And this is a tie-in that you made? A. Yes.

Q In associating Bionic for boots and Bionic for the program. I understand that you told us you don't recall having expressed that association to any of your fellow workers? A. Well, I assume that when you throw out the characteristics of the boots that one of the reasons that that name came back to me is because specifically I said it was strong, rugged outdoor type boot.

Q. You drew the assmption that the reason the suggestion was made is that they had drawn that relationship, is that correct? A. I cannot recall if there was specific mention at that meeting to this tying in directly with The Six Million Dollar Man.

Q. You just don't remember. A. I am sure to a degree that this would almost have to come automatically from what I knew about The Six Million Dollar Man.

Q. I would think so. Did anyone make that reference after the meeting to you? You must have kicked it around again. A. I believe that there would be a possibility of saying, and I can't remember specific case, where people came in and said is that the Six Million Dollar Boot, or something like that.

Q. What would the response be? A. Our response would have been to that?

Q. Yes. A. I never personally responded to it. I can't say what my salesmen responded to that either.

Q. You never had discussions about it? A. No.

Q. They never mentioned to you how they responded, and you didn't ask? A. No.

Q. I am sure you have answered it, but I would just like to get it again. After the meeting and let's say before the show— A. Before the February show?

Q. After the meeting and before the August show— A. The meeting was in January.

Q. I understand—did any of your group make the same association which you made between the television show

and your choice of Bionic for boots to you? Did anyone else express in words what you thought initially? A. I would say in answer to that, my guess would be if it were not for The Six Million Dollar Man we probably would not have come up with a Bionic Boot.

Q. And why was that? A. Bionic up until that time, as far as I can recollect, was not a common term.

Q. So, you saw some advantage to you in advertising and promoting the new line to have selected Bionic because of The Six Million Dollar Man? A. Not directly because of The Six Million Dollar Man. I assumed that basically that was a younger kids program. And this is not a young kids boot. It is a boot designed for men and sometimes women. But as far as the association of the strength and being new, yes, that would have to tie in to the word as we know it today, Bionic, to the program.

Q. As you said, you would not have chosen it were it not for the program? A. More than likely, because I would not have heard of Bionic or if I had I certainly would have forgot it.

Q. Would it surprise you to know that the largest age category that watches that program is between eighteen and forty-nine? A. It would have up until I got some reports back on it. And then that is why I specifically had somebody check the commercials to see if the commercials tied into that age bracket.

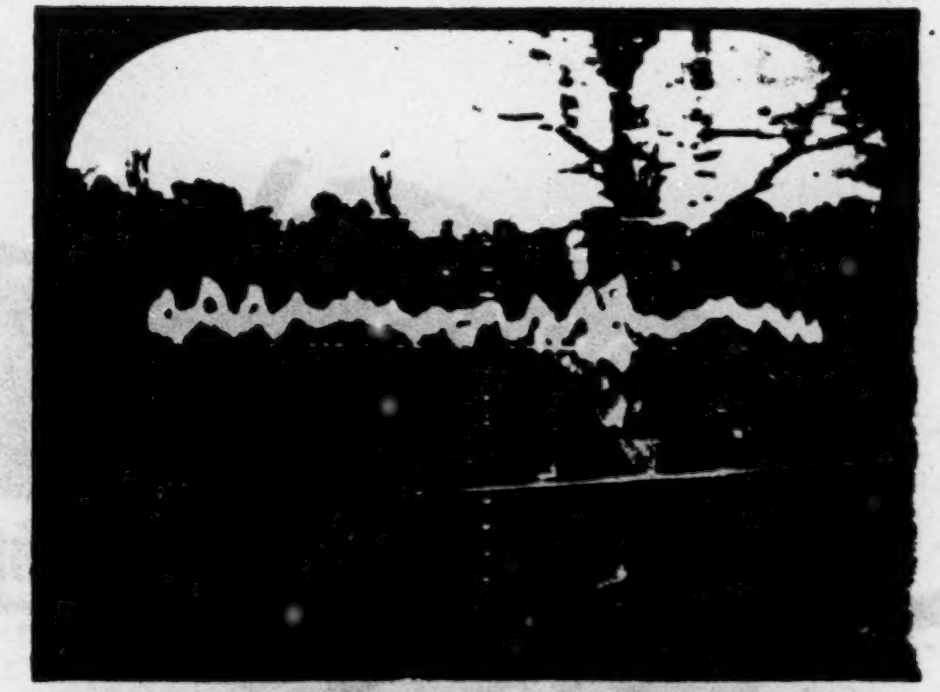
EXHIBITS PRESENTED IN EVIDENCE
AT TRIAL OF ACTION



OPENING TITLES [EXHIBIT R2] BIONIC WOMAN RUNNING



OPENING TITLES [EXHIBIT R2, BIONIC WOMAN RUNNING



OPENING TITLES [EXHIBIT R1] BIONIC MAN RUNNING



OPENING TITLES [EXHIBIT R1]—
CLOSEUP OF BIONIC MAN'S FOOT & SNEAKER

Exhibits Presented in Evidence
at Trial of Action



GENERAL FOOTWEAR'S BIONIC MAN SNEAKERS (EX. X5)



SOLE OF BIONIC MAN SNEAKER (EX. X5)

Exhibits Presented in Evidence
at Trial of Action



FRONT VIEW OF BIONIC MAN SNEAKER (EX. X5)

Exhibits Presented in Evidence
at Trial of Action



PHOTOGRAPH FROM POSTER OF WOMAN IN RUNNING POSITION

WEARING AMERICAN FOOTWEAR'S BIONIC BOOT

Supreme Court, U. S.
FILED
MAR 7 1980
MICHAEL RODAK, JR., CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1979

No. 79-1224

GENERAL FOOTWEAR COMPANY LIMITED,

and

UNIVERSAL CITY STUDIOS, INC.,

Petitioners,

against

AMERICAN FOOTWEAR CORPORATION,

Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO THE PETITION FOR WRIT OF CERTIORARI

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In The
Supreme Court of the United States
OCTOBER TERM, 1979
No. 79-1224
GENERAL FOOTWEAR COMPANY, LIMITED,
and
UNIVERSAL CITY STUDIOS,INC.,
Petitioners,
against
AMERICAN FOOTWEAR CORPORATION,
Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO THE PETITION FOR WRIT OF CERTIORARI

Respondent American Footwear Corporation respectfully requests that this Court deny the petition for writ of certiorari, seeking review of the Second Circuit's opinion in this case. That opinion is now reported at 609 F.2d 655.

QUESTION PRESENTED FOR REVIEW

Petitioners' "question presented for review" is not merely partisan. The "question" is an argument grounded on "facts" not found in the record and contrary to the facts as found by the district court and accepted by the Second Circuit. Simply stated, the issue presented is:

Whether the descriptive non-trademark usage of a dictionary term in a television series gives the owner of the series the exclusive right to use that term as a trademark for footwear, so as to bring within the ambit of 15 U.S.C. §1125 the first user of the term as a trademark for footwear, in the absense of any predatory trading on the television series.

CORRECTED STATEMENT OF THE CASE

Again, in their "statement of the case", Petitioners have gone beyond partisanship to misstatement and mischaracterization. Inasmuch as sufficiently complete statements of the facts are contained in both the Second Circuit and the district court opinions reproduced

in the Appendix to the Petition (hereinafter referred to as "A "), it suffices here to note the following salient facts ignored by Petitioners, as found by the district court and as adopted by the Second Circuit:

a. The term "bionic" is a dictionary term meaning "[t]he science of designing instruments or systems modeled after living organisms", and is not a coined term. (A14, A30).

b. The term "bionic" was used descriptively by Universal, and not as a trademark. (A8-9, A31,33).

c. The licensing program of Universal's licensing agent, Merchandising, was a character endorsement program and not a program to license "bionic" as a trademark. (A7, A31,33). It should be noted that the titles of the television shows were "THE SIX MILLION DOLLAR MAN" and "THE BIONIC WOMAN".

d. American was the first entity to adopt the term "BIONIC" as a trademark for footwear and was the first entity to seek registration of that term as a trademark for footwear. American

adopted the trademark upon advice of counsel and applied for federal registration before any charge of infringement by Universal. (A6-7,17,A27-29,34).

e. American always clearly identified itself as the source of its boots. (A6, 8 (and n.2), A27-28, 30-31).

f. American made no effort of any kind to associate its boot with Universal's television series or to exploit the reputation and good will engendered by the television series. (A8, 13, A30-31, 33). The "running girl" poster, the sole evidence relied upon by Petitioners to the contrary, was dismissed by the Second Circuit as follows:

> conceding that American's "Bionic Boots" were not designed to be the functional equivalent of track shoes, an advertisement for footwear does lend itself to a running pose. Moreover, the similarities between the poster and the scenes from the TV shows are not so marked that, when the poster is displayed together with numerous and prominent references to American and to no other entity, an ordinarily prudent purchaser would be likely to be misled into believing that any sponsorship arrangement existed between Universal's TV shows and American's product.

(A8 at n.2). The district court was so unimpressed with this "evidence" that it found it unworthy of mention despite the stress placed thereon in Petitioners' briefs.

g. There is no likelihood that the public would confuse American's BIONIC boot as emanating from or having connection with any of Petitioners. (A4, A33).

REASONS WHY THE WRIT SHOULD BE DENIED

1. This Case Was Decided On Its Facts And Presents No Important Issues

Petitioners attempt to aggrandize this case out of proportion to reality in an attempt to come within Rule 19 of this Court. A consideration of the Second Circuit opinion reveals that this case was decided on its facts and not on the lofty principles enunciated by Petitioners. Petitioners' claims were not defeated by reason of the Second Circuit's application of the standard

for "likelihood of confusion".

Rather, Petitioners' trademark claims were defeated by reason of their failure to prove that either Universal's descriptive, non-trademark use of the dictionary term "bionic" or Merchandising's program of licensing the THE SIX MILLION DOLLAR MAN and THE BIONIC WOMAN characters created a property right in the term "bionic" per se for footwear, no less for all goods. A trademark right is not "a right in gross or at large like a statutory copyright or a patent for an invention" and "[t]here is no such thing as property in a trademark except as a right appurtenant to an established business or trade in connection with which the mark is employed." United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 97 (1918). While Petitioners' claim to trademark rights in gross in "bionic" must fall as a matter of law, in fact it never gets off the ground by reason of Petitioners' failure to prove the existence of any trademark right in "bionic" per se.

Petitioners' unfair competition claims were likewise defeated on the

facts, and not the law. Petitioners failed to prove any act of unfair competition by American. Unlike the defendants in the cases relied upon by Petitioners, American made no effort of any kind to associate its boot with Universal's television shows or with any of the characters in those shows. Rather, American, at all times, made it clear that its BIONIC boot was an American product.

The opinion of the Second Circuit in no way interferes with the licensing of legitimate "properties" generated by the television and movie industries. Prove a property right or predatory conduct by the defendant and the Second Circuit will provide a remedy. Fail to prove either, as Petitioners did here, and you are no more likely to gain relief in Texas then in New York.

2. There Is No Conflict Between The Second and Fifth Circuits

In an alternative attempt to come within Rule 19 of this Court, Petitioners attempt to create a conflict between the Second and Fifth Circuits where none exists.

Petitioners rely on Boston Professional Hockey Assoc., Inc. v. Dallas Cap & Emblem Mfg., Inc., 510 F.2d 1004 (5th Cir. 1975), cert. denied, 423 U.S. 868. In the Boston case, the defendant copied the uncopyrighted team symbols of plaintiff professional hockey teams after being denied a license and sold the team symbols as embroidered cloth emblems. The Fifth Circuit faced a difficult conceptual problem in that plaintiffs' trademarks were being sold by defendant, the dominant feature of the emblems (the "goods") being the trademarks. The court grounded its decision on three factual determina- tions not present in the instant case. Id. at 1011. The court's analysis of the secondary meaning requirement under 15 U.S.C. §1114 (infringement of a federally registered trademark - a section not at issue in this petition), did not reject "source of origin" as a focal point of confusion, but rather, found a likelihood of confusion in the sale of trademark symbols by a defendant who knew that the buyer would conclude that the source and origin of the trademark symbols were

plaintiffs. In other words, the likelihood of confusion was grounded on a finding of an intent to confuse.

The Boston case is distinguishable from the instant case on its facts. In Boston the defendant sought a license from plaintiffs, appropriated established trademarks and used such trademarks in a manner intended to associate its emblems with plaintiffs' teams and to exploit the reputation and good will engendered by such teams. Id. at 1011-1012. In the instant case, Respondent made no request for a license, appropriated no trademark of Petitioners and, as found by the courts below, made no effort to associate its boot with Universal's television series or to exploit the reputation and good will engendered by the television series. (A8). Having found no indicia of predatory conduct sufficient to satisfy the likelihood of confusion test (A13), the Second Circuit turned to the main branch of the test for likelihood of confusion, "the likelihood that the consuming public will be confused as to the source of the

allegedly infringing product", and found no such likelihood. (A16).

The Second Circuit would have granted a remedy to the plaintiffs in the Boston case, given the proof of predatory conduct by the defendants. Cf. Flexitized, Inc. v. National Flexitized Corp., 335 F.2d 774 (2d Cir. 1964), cert. denied, 380 U.S. 913 (1965); National Lampoon, Inc. v. American Broadcasting Co., 376 F.Supp. 733 (S.D.N.Y. 1974), aff'd, 497 F.2d 1343 (2d Cir. 1974) (per curiam). On the other hand, given the facts in this case, Petitioners could not have prevailed in any circuit. Cf. HMH Publishing Co. v. Brincat, 504 F.2d 713, 718-20 (9th Cir. 1974) (preliminary finding of no likelihood of confusion, based on the descriptive nature of the trademark and the remoteness of the respective products of the parties, overcome by presence of predatory conduct).

D C Comics, Inc.v. Powers, 465 F. Supp. 843 (S.D.N.Y. 1978), also relied upon by Petitioners, is likewise distinguishable on its facts. In D C Comics the court found predatory conduct

by defendants - the contents and promotion of defendants' newspaper was built thematically around plaintiff's Superman character. In the instant case, "there was no proof that American's advertising was built thematically around Universal's television shows ...." (A13). D C Comics merely demonstrates that had Petitioners proved either predatory conduct or pertinent trademark rights, they would have been granted a remedy by the Second Circuit.

Accordingly, there is no conflict between the Second and Fifth Circuits in connection with the "likelihood of confusion" test, nor did the Second Circuit err in applying that test in this case.

CONCLUSION

The decision of the Second Circuit denying Petitioners' claims under 15 U.S.C. §1125 is manifestly correct. No conflict between the circuits has been demonstrated. No important question of federal law unsettled by this Court has been presented. Accordingly, it is respectfully submitted that the petition

for certiorari should be denied.

Respectfully submitted,

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Supreme Court, U. S.
FILED
MAR 17 1980
MICHAEL RODAK, JR., CLERK

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GENERAL FOOTWEAR COMPANY LIMITED,

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Respondent.

PETITIONERS' REPLY

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PETITIONERS' REPLY

The Respondent has, once again, misunderstood the nature of the Petitioners' argument. The Respondent seeks to argue that a descriptive non-trademark usage of a dictionary term in a television series is the operative fact upon which the instant action was decided by the Court below. Such, however, is clearly not the case.

As is noted in the Petition, the term "bionic" was an obscure, technical term found in only a few dictionaries until Universal created a new meaning for the term and used it as the nickname of the principal character in a television series and the subtitle for that series, "The Bionic Man", for the "The Six Million Dollar Man", and as part of the title of another series, "The Bionic Woman". Universal thus created the "television word" BIONIC, and,

by reason of the expenditure of millions of dollars in producing the show and in merchandising several dozen products capitalizing upon the theme and title of the show, gave the "television word" BIONIC a separate meaning and commercial value. It is the protection of this merchandising property right that Universal seeks to vindicate, not under the theories of trademark law, but under the theories of unfair competition.

The Court of Appeals specifically found (A, p. 14) that the Respondent intentionally capitalized upon the popularity and commercial value of the "television word" BIONIC by adopting it for marketing boots which were not designed for running. This finding is supported by the deposition testimony of Gary Evans contained in the appendix to the Petition and the adoption of American's first of two advertisements showing a woman in a running pose. This specific finding makes it clear that the Respondent's position that this case was decided on its facts is incorrect, and that it is the application of an erroneous legal principle to the acts of intentional capitalization which are presented for review by this Court.

The Respondent, moreover, engaged in only minimal trade advertising of its newly-named product and put neither time, effort, nor creativity into the naming of its boot, but merely purloined Universal's "television word" at no cost or expense to itself, a right for which others have paid millions of dollars. Respondent's position, clearly stated in its opposing brief, is that it was permitted to engage in a race to the trademark office and, since it allegedly won the race in connection with a particular product, to capitalize upon the efforts of the producer of two famous television series, each employing the BIONIC name, in popularizing and giving commercial value to the efforts of that producer's creativity.

Respondent essentially argues under its theory that if Walt Disney had failed to register "Mickey Mouse" in the

trademark office for a particular product, that another party could race to the trademark office, register "Mickey Mouse" for that product, and thereby preclude Walt Disney from using the term, and established exclusive rights in itself. Such a principle is immoral and clearly contrary to established principles of unfair competition. It has, of course, been established that principles of trademark law are complimentary to and do not supersede principles of unfair competition. Therefore, no trademark rights can attach to priority of use of a purloined mark, see, e.g., 3 Callman, *The Law of Unfair Competition, Trademarks and Monopolies*, § 76.1, p. 276, and cases cited therein.

Furthermore, Respondent's argument that there is no conflict between the Circuits misconstrues the basic nature of the claim made in the instant case. Respondent concedes that *Boston Professional Hockey Association, Inc.* v. *Dallas Cap & Emblem Mfg., Inc.*, 510 F. 2d 1004 (5th Cir. 1975), *cert. denied* 423 U.S. 868, stands for the proposition that likelihood of confusion can arise from the copying of actual trademark symbols of another. In the instant case, the Respondent purloined the "television word" BIONIC. Although it is believed that under the principles enunciated in *Boston* relief would have been accorded to the Petitioners in the Fifth Circuit, it is apparent that the Second Circuit disagreed with this position in denying relief in the instant case.

Conclusion

The importance of the issues presented has not been negated by Respondent's position, which misconceives the nature of the case. It is essential that this Court establish under developing principles of unfair competition the rights of the creator of a fanciful term, which through substantial expenditures of money has given the term great

prominence and commercial value, to exploit that term without interference from other parties. Accordingly, the Petition for a Writ of Certiorari should be granted.

Dated: March 11, 1980

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